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MEMORANDUM



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2013 MAY 24 P 1: 26

FROM: Steven M. Olea
Director
Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

DATE: May 24, 2012

RE: TRICO ELECTRIC COOPERATIVE – APPLICATION UNDER A.R.S. 40-252 TO
AMEND DECISION NO. 70399 (DOCKET NO. E-01461A-07-0433)

In Decision No. 70399, dated July 3, 2008, the Arizona Corporation Commission (“Commission”) approved an application of Trico Electric Cooperative, Inc. (“Trico” or “Company”) which sought authority to borrow \$83.98 million in construction work plan financing from the United States of America through the Rural Utilities Service (“RUS”).

As part of Decision No. 70399, the Commission ordered the following:

“IT IS FURTHER ORDERED that any authorization to incur debt granted in this proceeding shall terminate on December 31, 2013.”

On May 22, 2013, Trico docketed an application under Arizona Revised Statutes (“A.R.S.”) § 40-252 to amend Decision No. 70399 “to extend the financing authority granted in that Decision for six months - from December 31, 2013 until July 31, 2014.” The application states that Trico’s construction needs were slowed by the downturn in the economy and that, subsequently, the Company will not utilize all of the approved financing authority by the Commission’s termination date of December 31, 2013. While this date will not be met, Trico states that it has a “continuing need” for all of the construction financing authorized in Decision No. 70399.

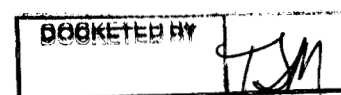
Trico also states that it entered into an RUS loan contract in July 2008 for \$83.98 million. The RUS loan contract terminates on July 31, 2013. After that time, both the RUS loan contract and presumably Trico’s guarantee of the \$83.98 million construction loan will expire.

Given the circumstances, Trico first sought an extension of time from RUS for the loan contract. The Company’s application states that Trico has received “tentative approval” from RUS for an extension, but that RUS requires Trico to receive, by July 1, 2013, an extension of the Commission’s loan authorization termination date approved in Decision No. 70399.

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Based on the application and all of the above, Staff does not oppose the Company's request for extension of time of its financing authority granted in Decision No. 70399 from December 31, 2013 until July 31, 2014. The extension is based on construction slowdown connected with the downturn in the economy and appears to be a necessary requirement for the continuation of the RUS loan contract.

SMO:BKB:lhbm

Originator: Brian K. Bozzo

Attachment

SERVICE LIST FOR: TRICO ELECTRIC COOEPRATIVE
DOCKET NO. W-01461A-07-0433

Mr. Russell E. Jones
Waterfall, Economidis, Caldwell, Hanshaw & Villamena
5210 East Williams Circle, Ste. 800
Tucson, Arizona 85711

Mr. Nicholas J. Enoch
Lubin & Enoch, PC
349 North Fourth Avenue
Phoenix, Arizona 85003

Mr. Michael W. Patten
ROSHKA DEWULF & PATTEN, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004